

Message Text

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ACTION EA-14

INFO OCT-01 SSO-00 INRE-00 AID-20 EB-11 PM-07 INR-11 IO-14

L-03 NSAE-00 NSC-07 PA-04 RSC-01 DRC-01 DPW-01 PRS-01

OMB-01 SS-20 ISO-00 /117 W

----- 057031

O R 181030Z SEP 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 8794

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEXFASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

CINCPAC

CINCPACAF

CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY STOCKHOLM

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AMEMBASSY VIENTIANE

AMEMBASSY MOSCOW
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 1 OF 3 SAIGON 12142

EO 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY FOR SEPT 12-18,1974

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD FOR USAJFKCMA ATTN: ATCS-WL-DSA

THE WEEK IN SUMMARY

- THE CEASEFIRE
- DEVELOPMENTS IN THE ANTI-CORRUPTION MOVEMENT
- PRESIDENT THIEU CONTINUES CRACK DOWN ON MILITARY CORRUPTION
- PROVINCE CHIEF CHANGES
- INAUGURAL CEREMONY OF NATIONAL RECONCILIATION FORCE
- CIVIL AIR VIOLENCE
- PRESIDENT THIEU SENDS MESSAGE TO ETHNIC CAMBODIANS
- REORGANIZATION OF THE MINISTRY OF THE DEVELOPMENT OF ETHNIC MINORITIES
- GVN/GKR OIL DRILLING DISPUTE
- FOREIGN MINISTER'S TRAVELS
- AUGUST EXPORT SITUATION
- SAIGON DEVELOPMENT PROGRAM LAUNCHED
- CONSUMER INDEX DOWN MODESTLY
- CURRENCY AND GOLD RATES

I. INTERNAL

A. THE CEASEFIRE

THE OVER-ALL MILITARY SITUATION IN VIETNAM HEATED UP THIS WEEK, DUE IN LARGE PART TO A NEARLY THREEFOLD INCREASE IN THE NUMBER OF INCIDENTS IN THE DELTA. IN MR-1, WHERE THE NUMBER OF INCIDENTS AND CASUALTIES ALSO ROSE, THE MAJOR SIGNIFICANT ACTION CONTINUED TO BE CENTERED NORTH OF THE HAI VAN PASS IN THUA THIEN. THE ELEVENTH AIRBORNE BATTALION ABANDONED TEN OUTPOSTS

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UNDER COMMUNIST ATTACK ON CON TRE MOUNTAIN. COMMUNIST FORCES IN QUANG NGAI SCORED SEVERAL SUCCESSES IN GENERALLY MODERATE FIGHTING, INCLUDING OVER-RUNNING AN RF BATTALION PROTECTING WHAT HAD BEEN THE LAST TWO GVN COASTAL SETTLEMENTS IN SOUTHERN BINH SON AND SON TINH DISTRICTS.

THE LEVEL OF MILITARY ACTIVITY IN MR-2 INCREASED SLIGHTLY, ALTHOUGH THE INTENSITY OF FIGHTING DIMINISHED, AS REFLECTED IN

LOWER OVER-ALL CASUALTIES. THE ARVN EFFORT TO PUSH COMMUNIST FORCES OUT OF KEY TERRAIN IN BINH DINH HAS STALLED, DESPITE REPEATED DETERMINED ASSAULTS SUPPORTED BY AIR AND ARTILLERY.

ACTIVITY IN MR-3 DROPPED SIGNIFICANTLY THIS WEEK. IN THE THREE MAJOR SCENES OF CONFLICT -- TAY NINH, BEN CAT, AND NORTHERN BIEN HOA -- THE LEVEL OF ACTIVITY WAS OFF, CONSISTING MOSTLY OF SPORADIC SHELLINGS AND LIMITED GROUND CONTACTS. AN F-5B ENROUTE FROM BIEN HOA TO MR-2 DISAPPEARED SEPTEMBER 13, AND NO TRACE OF IT HAS YET BEEN FOUND.

IN MR-4 THE LEVEL OF MILITARY ACTIVITY ROSE SHARPLY THIS WEEK. CASUALTIES ON BOTH SIDES WERE UP, THOUGH GVN LOSSES WERE SHARPLY HIGHER. THE HEAVIEST FIGHTING WAS IN KIEN PHONG AND WESTERN DINH TUONG. VC/NVA MAIN FORCES UNITS REPEATEDLY ATTACKED NINE OUTPOSTS IN KIEN PHONG, EVER-RUNNING FOUR. ALL FOUR WERE SUBSEQUENTLY RETAKEN. IN KIEN TUONG, A RECON COMPANY OF THE SEVENTH DIVISION AMBUSHED AND KILLED 66 INFILTRATORS IN TUYEN NHON DISTRICT. THERE ARE REPORTS FROM KIEN HOA AND VINH LONG OF LOW TROOP MORALE. MOST OF THE POPULATION OF PHONG DIEN DISTRICT TOWN IN PHONG DINH HAVE LEFT THEIR HOMES FOLLOWING REPEATED MORTAR ATTACKS. ACTIVITY IN AN XUYEN AND BA XUYEN CONSISTED MOSTLY OF INCREASED NVA/VC PRESSURE ON OUTPOSTS. ACTIVITY IN CHUONG THIEN INCREASED, WITH REPEATED SHELLING OF KIEN HUNG DISTRICT TOWN.

THE ICCS HAS INSTRUCTED ITS MILITARY COMMITTEE TO PREPARE PLANS TO EVACUATE TEAM SITES AND REGIONAL HEADQUARTERS IF SERVICES BY THE CONTRACTOR, PA & E, CEASE. THE COMMUNISTS CONTINUED THEIR BOYCOTT OF THE FPJMT AND TPJMC SESSION INTO ITS THIRTEENTH WEEK. THE TPJMC REGION II COMMANDER, COLONEL BUI QUY CAO, WAS ONE OF THE PASSENGERS KILLED ABOARD THE AIR VIETNAM 727 HIJACKED SEPTEMBER 15.

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B. DEVELOPMENTS IN THE ANTI-CORRUPTION MOVEMENT

DESPITE REPORTS FROM NUMEROUS AREAS THROUGHOUT THE COUNTRY ANTICIPATING DEMONSTRATIONS LAST WEEKEND, NONE HAS DEVELOPED SINCE THE HUE ANTI-CORRUPTION DEMONSTRATION ON SEPT 8. FATHER TRAN HUU THANH, A LEADER OF THE PEOPLE'S ANTI-CORRUPTION MOVEMENT, REPORTEDLY ATTENDED A PEACEFUL ANTI-CORRUPTION RALLY IN HUE ON SEPT 15. HE MOVED TO DANANG ON SEPT 16 WHERE HE HELD A MEETING ON THE GROUNDS OF DANANG CATHEDRAL AT WHICH HE MADE AN ANTI-CORRUPTION SPEECH. IN NEITHER CASE WAS THERE ANY ACTIVITY OUTSIDE OF CHURCH GROUNDS. LOCAL AUTHORITIES SEE NO SIGNS AT PRESENT OF DEMONSTRATIONS OCCURRING IN DANANG.

THE GOVERNMENT HAS ISSUED ORDERS TO LOCAL AUTHORITIES NOT

TO EMPLOY FORCE TO REPRESS ANTI-GOVERNMENT DEMONSTRATIONS. COLONEL TON THAT THIEN, PROVINCE CHIEF OF THUA THIEN AND MAYOR OF HUE, HAS BEEN DISMISSED BECAUSE THE GOVERNMENT WAS DIS-SATISFIED WITH HIS HANDLING OF THE SITUATION IN HUE WHICH LED TO THE USE OF FORCE IN BREAKING UP THE SEPT 8 DEMONSTRATION.

APPLICATION OF DECREE LAW 007, THE PRESS CODE, HAS ALSO BEEN EASED. HOA BINH DAILY, WHICH HAD VOLUNTARILY CLOSED DOWN TWO WEEKS AGO, RESUMED PUBLICATION ON SEPT 15 WITH AN ARTICLE ON "INDICTMENT NUMBER ONE" WHICH DREW NO OFFICIAL GOVERNMENT REACTION

WHILE MOST LEADING CATHOLIC CLERGY AND LAYMNET HAVE REMAINED SILENT, IT DOES APPEAR THAT, IN PLACES WHERE DEMONSTRATIONS HAVE BEEN THREATENED SUCH AS DANANG, QUI NHON, AND NHA TRANG, CHURCH AUTHORITIES HAVE ADVISED MODERATION. FOR EXAMPLE, BISHOP CAC IN BINH DINH PROVINCE HAS ORDERED THAT NO DEMONSTRATIONS TAKE PLACE IN QUI NHON OR QUANG NGAI AND BISHOP CHI HAS DISCOURAGED DEMONSTRATIONS IN DANANG. PRIVATELY, SOME CATHOLIC LEADERS HAVE EXPRESSED THEIR CONCERN THAT FATHER THANH'S MOVEMENT HAS DEVELOPED INTO A PERSONAL ATTACK ON PRESIDENT THIEU.

THE MOST PROMINENT NON-CATHOLIC ACTIVELY INVOLVED IN THE ANTI-CORRUPTION MOVEMENT IS PEOPLE'S SOCIETY BLOC LEADER, LOWER HOUSE DEPUTY TRAN VAN TUYEN. ON SEPT 17 THE PRESS CONFIDENTIAL

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CARRIES A THREAT BY TUYEN THAT HIS BLOC WILL INITIATE A MOVE TO IMPEACH PRESIDENT THIEU. THIS MOVE WAS QUICKLY REJECTED BY THE MAJORITY PRO-GOVERNMENT BLOCS IN BOTH HOUSES.

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O R 181030Z SEP 74
FM AMEMBASSY SAIGON
TO SECSTATE WASHDC IMMEDIATE 8795
INFO AMEMBASSY BANGKOK
AMCONSUL BIEN HOA
AMCONSUL CAN THO
AMCONSUL DANANG
LRUMJBT/AMEMBASSY JAKARTA 3455
AMCONSUL NHA TRANG
AMEMBASSY PARIS
AMEMBASSY PHNOM PENH
AMEMBASSY SEOUL
AMEMBASSY TOKYO
USIA WASHDC
RUFNPSUSDEL JEC PARIS UNN
CIA
DIA
JCS
JUSMAAG
WHITE HOUSE
USAJFKCMA
CINCPAC
CINCPACAF
CINCPACFLT
CINCUSARPAC
DEPCHIEF JUSMAAG UDORN
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AMEMBASSY LONDON
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C O N F I D E N T I A L SECTION 2 OF 3 SAIGON 12142

C. PRESIDENT THIEU CONTINUES CRACK DOWN ON MILITARY CORRUPTION

THE GVN MINISTRY OF NATIONAL DEFENSE HAS ANNOUNCED A GOVERNMENT-
ORDERED INVESTIGATION INTO CORRUPT PRACTICES IN THE MILITARY HAS
RESULTED IN A TOTAL OF 16 OFFICERS, FORMERLY ATTACHED TO THE 5TH
INFANTRY DIVISION AND THE 25TH INFANTRY DIVISION, BEING CHARGED

WITH CORRUPTION. THESE OFFENSES INCLUDE RECRUITMENT OF "PHANTOM" SOLDIERS, LOSS OF MILITARY EQUIPMENT, AND BRIBERY FOR APPOINTMENT TO CHOICE JOBS.

THE HIGHEST RANKING OFFICERS CHARGED ARE THE FORMER DIVISION COMMANDERS, BG TRAN QUOC LICH OF THE 5TH INF. DIV., AND BG LE VAN TU OF THE 25TH INF. DIV. (SEE SAIGON 11848). FOURTEEN OTHER OFFICERS, RANGING IN RANK FROM COLONEL TO FIRST LIEUTENANT, WILL BE DISMISSED FROM THE SERVICE AND PROSECUTED. IN ADDITION, A TOTAL OF 22 OTHER OFFICERS, ALSO BELONGING TO THESE TWO DIVISIONS AND RANGING IN RANK FROM COLONEL TO CAPTAIN, WILL SERVE FROM 15 TO 50 DAYS OF CONFINEMENT AND RECEIVE DISCIPLINARY TRANSFERS TO OTHER UNITS.

D. PROVINCE CHIEF CHANGES

VIETNAM PRESS ANNOUNCED A NUMBER OF CHANGES IN PROVINCE CHIEF ASSIGNMENTS. COLONEL LAM QUANG CHINH, PROVINCE CHIEF OF BIEN HOA FOR LAST SEVEN YEARS, WILL BE REPLACED BY COLONEL LUU YEM, WHO IS PRESENTLY PROVINCE CHIEF OF PHUOC LONG PROVINCE. NEW PHUOC LONG PROVINCE CHIEF WILL BE PRESENT BINH LONG PROVINCE CHIEF, COLONEL NGUYEN THONG THANH. THE NEW CHIEF OF BINH LONG PROVINCE WILL BE COLONEL PHUC, PRESENTLY DEPUTY COMMANDER OF THE RANGERS AT AN LOC. COLONEL CHINH, LONG RUMORED TO BE ON HIS WAY OUT AS BIEN HOA CHIEF, WILL BE ASSIGNED TO RVNAF LANGUAGE SCHBDL IN SAIGON IN PREPARATION FOR HIS ASSIGNMENT NEXT YEAR TO THE COMMAND AND GENERAL STAFF SCHOOL. IN ADDITION, THUA THIEN PROVINCE CHIEF COLONEL TON THAT KHIEU WILL BE REPLACED BY COLONEL

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NGUYEN HUU DU, PRESENTLY ASSISTANT TO DIRECTOR GENERAL POLWAR/ARVN. IN BINH DINH COLONEL TRAN DINH VY TAKES OVER FROM COLONEL HOANG DINH THO. COLONEL VY HAS PREVIOUSLY BEEN ASSIGNED TO JGS/TRAINING. IN PHU YEN PROVINCE, COLONEL VU QUOC GIA TAKES OVER FROM COLONEL BUU HAP. COLONEL GIA HAS BEEN A DEPUTY J-3 IN MR-2. THE ONWARD ASSIGNMENTS OF THESE THREE OFFICERS IS UNKNOWN.

COMMENT: BOTH CHINH AND THO HAVE BEEN UNDER FIRE IN THE PRESS FOR ALLEGED CORRUPTION AND IRRUGULARITIES IN THE RECENT PROVINCIAL COUNCIL ELECTIONS. WHILE NO REASON N (#)
CTOKPSYHVN TCNADX
DO IWFMTGTHEY COME AT A TIME WHEN THE GOVERNMENT IS UNDER HEAVY PRESSURE TO TAKE STEPS TO REDUCE CORRUPTION.

E. INAUGURAL CEREMONY OF NATIONAL RECONCILIATION FORCE

ONE THOUSAND INVITATIONS WERE SENT BY THE NATIONAL RECON-
CILIATION FORCE (NRF) FOR ITS INAUGURAL CEREMONY HELD THE EVENING OF SEPTEMBER 14 AT THE AN QUANG PAGODA IN SAIGON. GENERAL DUONG VAN MINH AND MADAME NGO BA THANH, AMONG OTHERS,

ATTENDED. NO GOVERNMENT OFFICIALS WERE INVITED BECAUSE "THEY WOULDN'T COME" ACCORDING TO A NRF SPOKESMAN.

NOTABLE FOR THEIR ABSENCE FROM THE INAUGURAL CEREMONY WERE PROMINENT BUDDHIST OPPOSITION SENATORS TON THAT NIEM AND TRAN QUANG THUAN, AS WELL AS VIEN HAO DAO MEMBERS THICH THIEN MIEN AND THICH HUYEN QUANG.

SENATOR VU VAN MAU, CHAIRMAN OF THE PROVINCIAL CENTRAL EXECUTIVE COMMITTEE, IN HIS OPENING REMARKS, PROPOSED A RESOLUTION OF POLITICAL DIFFERENCES IN A SPIRIT OF RECONCILIATION AND HOPED THAT THE NRF WOULD POSITIVELY CONTRIBUTE TO THE RESTORATION OF PEACE IN VIETNAM. LATER, IN RESPONSE TO QUESTIONS FROM VIETNAMESE AND FOREIGN NEWSMEN, MAU CALLED ON PRESIDENT EHIEU TO ANSWER CHARGES ISSUED LAST WEEK IN "INDICTMENT NUMBER ONE" ISSUED BY THE PEOPLE'S ANTO-CORRUPTION MOVEMENT. MAU ALSO STATED THAT THE NRF IS NOT A POLITICAL PARTY AND IS THEREFORE NOT WITHIN THE PURVIEW OF DECREE LAW 060 GOVERNING POLITICAL PARTIES. HE SUPPORTED REVISION OF BOTH DECREE LAW 060 AND DECREE LAW 077, THE PRESS CODE.

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OTHER MEMBERS OF THE PROVISIONAL CENTRAL EXECUTIVE COMMITTEE ARE VO DINH CUONG, DEPUTY SECRETARY GENERAL; SENATOR PHAM DINH AI, VICE CHAIRMAN; ATTORNEY PHAN TAN CHUC, SECRETARY GENERAL; AND PROFESSOR BUI TUONG HUAN, COMMISSION FOR PLANNING AND ORGANIZATIONAL AFFAIRS.

F. CIVIL AIR VIOLENCE

ON SEPTEMBER 15, AN AIR VIETNAM BOEING 727 WAS HIJACKED DURING ITS DANANG-SAIGON FLIGHT AND THEN DESTROYED AT TOUCHDOWN AT PHAN RANG MILITARY AIRFIELD WHEN THE HIJACKER DETONATED A HAND GRENADE. ALL EIGHT CREW MEMBERS AND SIXTY-THREE PASSENGERS (INCLUDING AT LEAST ONE AMERICAN CITIZEN) DIED IN THE CRASH. THE REMAINS OF PASSENGERS AND CREW WERE BROUGHT TO SAIGON.

THE HIJACKER, ACCORDING TO RADIO REPORTS, DEMANDED THAT THE AIRCRAFT BE FLOWN TO HANOI. THE NATIONAL POLICE IDENTIFY THE HIJACKER AS LE DUC TAN. MR-1 DEPUTY COMMANDER TOLD CONGEN DUHANG THAT THE HIJACKER WAS A DESERTER FROM ARVN'S 2ND DIVISION, THOUGH HE WORE THE UNIFORM OF AN AIRBORNE MAJOR. THE HIJACKER MAY HAVE BEEN THE SAME LE DUC TAN WHO RAN (AND LOST) FOR THE LOWER HOUSE FROM DANANG CONSTITUENCY IN 1971.

ON SEPTEMBER 16, A CHINA AIRLINES FLIGHT WAS DELAYED NEARLY THREE HOURS AT SAIGON'S TAN SON NHUT AIRPORT AFTER A BOMB THREAT WHICH TURNED OUT TO BE A HOAX. THE MINISTRY OF

PUBLIC WORKS AND COMMUNICATIONS HAS REMINDED AIR VIETNAM AND OTHER RESPONSIBLE AUTHORITIES OF THEIR RESPONSIBILITY TO SEARCH ALL EMPLANING PASSENGERS. THE MINISTRY ANNOUNCED IT IS CONDUCTING AN INVESTIGATION TO DETERMINE HOW THE HIJACKER HAD GOTTEN THROUGH THE SECURITY CONTROL SYSTEM AT DANANG AIRPORT.

THE LOSS OF THE AIR VIETNAM 727, ONE OF THREE JETS OWNED BY THE AIRLINE, IS A SERIOUS BLOW AS THE JET AIRCRAFT HAVE BEEN AIR VIETNAM'S PRIME REVENUE PRODUCERS, ESPECIALLY ON INTERNATIONAL ROUTES.

G. PRESIDENT THIEU SENDS MESSAGE TO ETHNIC CAMBODIANS

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FOLLOWING UP HIS MESSAGE TWO WEEKS AGO ON ETHNIC MINORITIES DAY, PRESIDENT THIEU ON SEPTEMBER 16 SENT A LETTER OF CONGRATULATIONS TO VIETNAMESE OF CAMBODIAN DESCENT ON THE KHMER FESTIVAL OF SENDONTA (ALL SOULS DAY). THE BRIEF MESSAGE EMPHASIZED CONTINUED NORTH VIETNAMESE COMMUNIST AGGRESSION AND CALLED ON THE PEOPLE TO BE RESOLUTE IN THE STRUGGLE AGAINST THIS AGGRESSION. HE NOTED THAT "THOSE ON THE FRONTLINE SHOULD BE EAGER IN ELIMINATING THE AGGRESSION AND THOSE IN THE REAR SHOULD INCREASE PRODUCTION."

H. REORGANIZATION OF THE MINISTRY FOR THE DEVELOPMENT OF ETHNIC MINORITIES

ON AUGUST 28, THE MINISTRY FOR THE DEVELOPMENT OF ETHNIC MINORITIES UNDERWENT A REORGANIZATION AS A PART OF THE "ADMINISTRATIVE REVOLUTION". THE STRUCTURE OF THE MINISTRY WAS SIMPLIFIED AND, AS A CONSEQUENCE, A NUMBER OF OFFICIALS TOOK A SMALL CUT IN PAY. NO ONE WAS FIRED. CHEF DE CABINET, LTC NGUYEN VAN PHIEU, STATED THAT THE CHANGE WOULD PERMIT A LARGER PORTION OF THE MINISTRY'S STAFF TO BE ASSIGNED TO WORK IN THE FIELD, ASSUMING THE MINISTRY OF THE INTERIOR CONCURS.

NOTE BY OC/T: SAIGON 12142 2/3. UNDER PARA D. COMMENT: (#) OMISSION. CORRECTION TO FOLLOW.

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USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

CINCPAC

CINCPACAF

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C O N F I D E N T I A L SECTION 3 OF 3 SAIGON 12142

II. EXTERNAL

A. GVN/GKR OIL DRILLING DISPUTE

THE DISPUTE BETWEEN THE RVN AND THE KHMER OVER OIL DRILLING ON THE CONTINENTAL SHELF SEEMS TO BE MOVING INTO A NEGOTIATING STAGE WITH INDICATIONS THAT TECHNICAL EXPERTS FROM THE TWO SIDES WILL MEET THE WEEK OF SEPTEMBER 23 IN SAIGON TO DISCUSS DEMARCATION OF THE DISPUTED CONTINENTAL SHELF AREA. THE STAGE FOR TALKS WAS SET BY THE WITHDRAWAL SEPTEMBER 13 OF THE DRILL SHIP THAT HAD BEEN OPERATING IN DISPUTED WATERS UNDER A KHMER CONTRACT. THE SHIP THUS WAS MOVED ONE DAY AFTER THE SEPTEMBER 12 DEADLINE EARLIER SET BY THE GVN, BUT THE GVN WAS SATISFIED THAT DRILLING HAD STOPPED BEFORE THAT DATE.

B. FOREIGN MINISTER'S TRAVEL

FOREIGN MINISTER BAC WILL LEAVE SAIGON SEPTEMBER 19 FOR A TWO-DAY OFFICIAL TRIP TO THAILAND. THEREAFTER HE IS EXPECTED TO VISIT NEW YORK AND WASHINGTON.

END CONFIDENTIAL

BEGIN UNCLASSIFIED

III. ECONOMIC

A. AUGUST EXPORT SITUATION

EXPORTS WHICH HAVE BEEN DECLINING STEADILY SINCE MAY IN DOLLAR TERMS CONTINUED DOWNWARD IN AUGUST TO \$5.3 MILLION, \$0.8 MILLION BELOW THE JULY EARNINGS FIGURE. ALL THREE MAJOR EXPORT COMMODITY GROUPS - FISHERIES, RUBBER AND TIMBER - WERE DOWN. OTHER NATIONS, MOST NOTABLY JAPAN, ARE REPORTED TO BE SELLING OFF COMMODITY INVENTORIES BUILT UP DURING THE PAST YEAR AND A HALF PUTTING PRESSURE ON PRICES. FISHERY AND FORESTRY ALSO REFLECT NORMAL REDUCTIONS IN ACTIVITY DURING THE MONSOON SEASON. TIMBER EXPORTS ARE EXPECTED TO INCREASE
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SUBSTANTIALLY BEGINNING IN OCTOBER BECAUSE OF THE INTRODUCTION OF IMPROVED PROCESSING EQUIPMENT AND RECENT CHANGES IN FORESTRY LAWS WHICH GIVE SAWMILL OPERATORS GREATER ACCESS TO THE RAW MATERIALS. TOTAL EXPORTS FOR THE FIRST 8 MONTHS OF 1974 WERE \$54.8 MILLION COMPARED TO \$33.1 MILLION FOR THE LIKE PERIOD OF 1973.

B. SAIGON DEVELOPMENT PROGRAM LAUNCHED

THE NEWLY ESTABLISHED AGENCY FOR THE DEVELOPMENT OF THE SAIGON AREA (ADSA) COMMENCED OPERATIONS ON SEPTEMBER 16 WITH APPROXIMATELY 900 WORKERS. ADSA'S ACTIVITIES WILL BE PATTERNED ALONG THE LINES OF THE "ADDA" DEVELOPMENT PROGRAM

STARTED AT DANANG EARLY IN 1973 TO PROVIDE UNEMPLOYMENT RELIEF ON A CRASH BASIS IN ECONOMICALLY DEPRESSED AREAS AND TO CONTRIBUTE TO ECONOMIC DEVELOPMENT. INITIAL PROJECTS TO BE UNDERTAKEN IN THE SAIGON AREA WILL CONSIST OF OPENING DRAINAGEWAYS THAT HAVE GONE UNCLEARED FOR YEARS AND A CLEANUP AND REFURBISHMENT OF PUBLIC AREAS. BY SEPTEMBER 19 APPROXIMATELY 1,800 PERSONS WILL BE ON THE JOB. ADDITIONAL RECRUITING IS PLANNED AS SOON AS STARTUP PROBLEMS ARE WORKED OUT. PROGRAM MANAGERS BELIEVE THE WORK FORCE COULD BE AS LARGE AS 8,000 WITHIN A FEW WEEKS. WHILE PREFERENCE IN HIRING IS GIVEN TO MALE WORKERS, APPROXIMATELY 80 PERCENT OF THOSE ACCEPTED HAVE BEEN WOMAN. DAILY WAGES FOR UNSKILLED WORKERS HAVE BEEN SET AT VN\$ 450 FOR WOMEN AND VN\$ 550 FOR MEN.

C. CONSUMER INDEX DOWN MODESTLY

THE USAID CONSUMER PRICE INDEX FOR THE WEEK ENDING SEPTEMBER 16 DECLINED TWO TENTHS OF ONE PERCENT. VEGETABLE PRICES WERE MIXED BUT SLIGHTLY DOWN. THIS PLUS A ONE PERCENT DROP IN RICE PRICES OFFSET A TWO PERCENT INCREASE IN SUGAR PRICES AND THREE PERCENT RISE IN FISH SAUCE PRICES. THE NON-FOOD SIDE OF THE INDEX REGISTERED ONLY ONE CHANGE, LAUNDRY SOAP, DOWN TWO PERCENT. THE OVERALL INDEX IS UP 37.8 PERCENT OVER THE YEAR'S START. IN THE LAST SIX MONTHS THE RATE OF INCREASE HAS SLOWED CONSIDERABLY. NON-FOOD ITEMS ROSE 36.2 PERCENT IN THE FIRST QUARTER, BUT ONLY 5.5 PERCENT SINCE. FOOD ITEMS ROSE 12.3 PERCENT IN THE FIRST QUARTER AND 19.8 PERCENT SINCE. THE RATE OF INCREASE HAS CONTINUED TO SLOW THUS FAR IN THE THIRD QUARTER WITH THE OVERALL INDEX UP ONLY 7 PERCENT. FOOD PRICES UP 10.3 PERCENT WERE LARGELY OFFSET BY A LOW 1.9 PERCENT

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INCREASE IN NON-FOOD PRICES.

D. CURRENCY AND GOLD RATES

THERE WAS VERY LITTLE MOVEMENT IN CURRENCY AND GOLD QUOTES LAST WEEK. CURRENCY QUOTES FOR US\$ 100 CONTINUED TO PARALLEL THE LEGAL EXCHANGE RATE. THE SAIGON GOLD LEAF QUOTE PER TAEI DECLINED SLIGHTLY FROM THE DOLLAR TROY OUNCE EQUIVALENT OF 141.82 TO 141.45, BUT THE DISCOUNT FROM THE HONG KONG QUOTE INCREASED FROM 5.6 TO 6.8 PERCENT AS HONG KONG GOLD QUOTES PER TROY OUNCE ROSE FROM 150.18 DOLLARS TO 151.08.

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Copy: SINGLE
Draft Date: 18 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740261-0724
From: SAIGON
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1974/newtext/t19740935/aaaabdjw.tel
Line Count: 593
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Status: NATIVE
Subject: EMBASSY SAIGON'S MISSION WEEKLY FOR SEPT 12-18,1974 BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;
TAGS: PINT, PFOR, ECON, VS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005